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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, JULY 6, 1998

APPLICATION OF

NATIONAL COUNCIL ON COMPENSATION
INSURANCE, INC.

CASE NO. INS980116

For revisions of advisory
loss costs and assigned
risk workers' compensation
insurance rates

ORDER SCHEDULING HEARING

On June 30, 1998, came National Council on Compensation Insurance, Inc. ("Applicant") and filed on behalf of its members, comprising all the insurance companies licensed to write workers' compensation insurance in the Commonwealth, advisory loss costs that Applicant's members may use together with their own expenses and profit and contingency factors in determining the members' rates for policies written in the voluntary market and revised rates and rating values for assigned risk policies. Included in Applicant's filings are advisory loss costs and revised assigned risk rates for the coal classifications (1005 and 1016). Applicant has also proposed to increase the expense constant from \$180 to \$205. Together with its advisory loss costs and assigned risk rate filings, Applicant submitted testimony and exhibits in support of its proposed advisory loss costs, assigned risk rates, rating values, and assigned risk retrospective rating program.

Applicant has proposed to make the requested changes to be effective on and after April 1, 1999, on all new and renewal business;

AND IT APPEARING to the Commission that a hearing will be necessary before acting upon the revision of workers' compensation assigned risk insurance rates and advisory loss costs, and that notice of the time and place of such hearing should be given to the public;

NOW, ON THIS DAY, it further appearing to the Commission from a review made by the Bureau of Insurance in connection with the filings, that Applicant has submitted certain facts, information, data and statistics with respect to its proposals for workers' compensation insurance in this State;

IT IS ORDERED:

(1) That a proceeding be instituted to investigate and determine (a) whether the advisory loss costs and assigned risk rates as set forth in the filings are excessive, inadequate, or unfairly discriminatory and (b) any other matter which may be the proper subject of investigation;

(2) That the filings be assigned Case No. INS980116, docketed and set for hearing commencing at 10:00 a.m. on November 17, 1998, in the Courtroom of the State Corporation Commission, Second Floor, Tyler Building, Richmond, Virginia;

(3) That, on or before August 3, 1998, all persons who expect to submit evidence, cross-examine witnesses, and otherwise

participate in the hearing as protestants, as provided by Rule 4:6 of the Commission's Rules of Practice and Procedure, shall file a notice of protest as provided by Rules 5:16(a) and 5:10(a) and deliver a copy of the notice of protest to counsel for Applicant;

(4) That, on or before September 25, 1998, the Commission's Staff, and all persons previously filing a notice of protest who wish to participate in the hearing as protestants, shall file with the Clerk of the Commission fifteen (15) copies of the testimony and exhibits of each witness expecting to present direct testimony, and shall simultaneously deliver three (3) copies thereof to counsel for Applicant and any protestant requesting same. Not later than the filing of the aforesaid testimony and exhibits, all protestants shall likewise file a protest as required by Rules 5:16(b) and 5:10(a) of the Commission's Rules of Practice and Procedure and deliver a copy of the protest to counsel for Applicant and any protestant requesting same;

(5) That, on or before October 16, 1998, Applicant shall file fifteen (15) copies of any rebuttal testimony and exhibits of each witness it intends to offer at the hearing and shall simultaneously deliver three (3) copies of same to counsel for each protestant and the Commission's Staff; and

(6) That Applicant shall publish a notice of the time and place of such hearing, setting forth the substance of the

proposed advisory loss costs and assigned risk rates and the place or places where the aforesaid documents and the testimony and exhibits of Applicant in support of its filings may be seen by any person in interest, in a newspaper of general circulation published in each of the following cities: Richmond, Norfolk, Newport News, Roanoke, Winchester, Lynchburg, Danville, Bristol, Fredericksburg, and Alexandria once a week for two (2) consecutive weeks beginning not later than the week beginning July 14, 1998, and that proof of such publication be made and filed herein, which notice shall be substantively as follows:

NOTICE TO THE PUBLIC

Notice is hereby given to employers providing workers compensation insurance under the Workers' Compensation Act and to the public that National Council on Compensation Insurance, Inc. ("Applicant"), on behalf of its member insurers, has applied to the State Corporation Commission ("Commission") for approval of certain changes applicable to voluntary market advisory loss costs and assigned risk rates and rating values for new and renewal workers' compensation insurance policies becoming effective on and after April 1, 1999.

Applicant proposes advisory loss costs that Applicant's members may use along with their own expenses and profit and contingency factors in establishing the members' rates for policies written in the voluntary market. The proposed advisory loss costs would produce a decrease in the overall pure premium level for the voluntary market industrial classifications of 4.3%.

Applicant proposes changes to the advisory loss costs for "F" (Federal) classifications in the voluntary market that

would produce an overall pure premium level increase of 19.0%.

Applicant proposes advisory loss costs for coal classifications 1005 and 1016 in the voluntary market that would produce an overall pure premium level decrease of 4.4% and an overall pure premium level increase of 5.9%, respectively.

Applicant proposes a 6.5% increase in the overall premium level for industrial classifications in the assigned risk plan. Applicant proposes a 31.4% increase in the overall premium level for "F" classifications in the assigned risk plan and a -12.5% decrease and a 3.6% increase in the overall premium level for coal classifications 1005 and 1016, respectively, in the assigned risk plan.

Applicant also proposes to increase the expense constant from \$180 to \$205.

Applicant has submitted filings and testimony and exhibits in support of the proposed changes in advisory loss costs, assigned risk rates, rating values, and assigned risk retrospective rating program to the Commission. That information and the other information filed by Applicant in support of its proposals, including the exact assigned risk rates and advisory loss costs for individual classifications, which will vary by classification and may be higher or lower than the overall increases stated above, may be seen at the Bureau of Insurance, Tyler Building, Richmond, Virginia, and at the Document Control Center of the Office of the Clerk of the Commission, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia.

The Commission has instituted an investigation into the changes proposed by Applicant and has set a public hearing thereon in Case No. INS980116 in its Courtroom, Second Floor, Tyler Building, Richmond, Virginia, at 10:00 a.m. on November 17, 1998.

On or before August 3, 1998, all persons who expect to submit evidence at the public hearing as a party protestant and to cross-examine witnesses must file a notice of protest in conformity with the Commission's Rules of Practice and Procedure and deliver a copy to Applicant's counsel, Charles H. Tenser, Esquire, National Council on Compensation Insurance, Inc., 750 Park of Commerce Drive, Boca Raton, Florida 33487. Written Protests together with prepared testimony and exhibits of the witnesses to be offered at the hearing shall be filed and served on or before September 25, 1998, in accordance with the Commission order setting the hearing.

Any interested person who desires to make a statement at the hearing in his/her own behalf, either for or against the proposed revisions, but not otherwise participate in the hearing, need only appear in the Commission's Courtroom at 9:45 a.m. on November 17, 1998, and complete a notice of appearance form which will be provided by the Commission. In order to accommodate as many public witnesses as possible, the Commission asks that comments be limited to five minutes by each such witness.

NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.